

Arlington EATS, Inc.

Audited Financial Statements

Years Ended June 30, 2019 and 2018

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Years Ended June 30, 2019 and 2018

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Independent Auditor's Report

To the Board of Directors
Arlington EATS, Inc.
Arlington, MA 02474

Report on the Financial Statements

I have audited the accompanying financial statements of Arlington EATS, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, the related statement of activities and changes in net assets and the statement of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Arlington EATS, Inc. as of June 30, 2019 and 2018, and the changes in net assets and the cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Arlington, Massachusetts
February 12, 2020

Arlington EATS, Inc.
Statement of Financial Position
June 30, 2019 and 2018

Assets

	2019	2018
<u>Current Assets</u>		
Cash and cash equivalents	\$520,000	\$231,300
Pledge Receivable	2,900	---
Investments	225,700	212,100
Prepaid expenses	4,100	9,100
Total current assets	752,700	452,500
 <u>Property and Equipment</u>		
	20,600	11,100
Less-Accumulated Depreciation	(1,100)	---
Net Book Value	19,500	11,100
	\$772,200	\$463,600

Liabilities and Net Assets

<u>Current Liabilities</u>		
Accounts payable	\$1,900	\$3,600
Accrued expenses	5,400	---
Total current liabilities	7,300	3,600
<u>Net Assets</u> -without donor restrictions	764,900	460,000
	\$772,200	\$463,600

See accountant's report and notes to the financial statements

Arlington EATS, Inc.
Statement of Activities and Changes in Net Assets
For The Years Ended June 30, 2019 and 2018

	2019	2018
<u>Revenues and support</u>		
Contributions & grants	\$516,800	\$574,100
Fundraising events	88,300	58,300
Investment income (loss)	17,200	(400)
In-kind contributions	208,800	187,900
Total revenues and support	831,100	819,900
 <u>Expenses</u>		
Communications	2,800	2,100
Community support/grants	2,900	9,000
Depreciation	1,100	---
Equipment	1,000	700
Food & meals-delivered/distributed	283,900	240,000
Fundraising, direct	28,400	23,000
Insurance	1,500	5,300
Moving	3,800	---
Office and software	4,900	4,800
Outside services	35,700	4,700
Payroll	94,000	76,300
Payroll taxes	7,900	7,200
Postage	900	1,300
Printing	12,800	1,800
Rent	14,700	3,500
Repairs and maintenance	1,200	600
Retirement costs	2,900	---
Staff development and training	2,100	1,800
Travel	200	300
Utilities	11,800	13,800
Volunteer appreciation	1,700	900
Total expenses	516,200	397,100
 Change in Net Assets	 314,900	 422,800
Net Assets, beginning of year	450,000	27,200
 Net Assets, end of year	 \$764,900	 \$450,000

See accountant's report and notes to the financial statements

Arlington EATS, Inc.
Statement of Cash Flows
For The Years Ended June 30, 2019 and 2018

	2019	2018
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$314,900	\$422,800
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain) loss on investments	(5,100)	1,200
Depreciation	1,100	---
Changes in certain operating assets and liabilities:		
Pledge receivable	(2,900)	---
Prepaid expenses	5,000	(9,100)
Accounts payable	(1,700)	3,600
Accrued expenses	5,400	---
 Net Cash Provided by Operating Activities	 316,700	 418,500
 <u>Cash Flows Used For Investing Activities</u>		
Purchase of investments	(8,500)	(213,700)
Purchase of property and equipment	(19,500)	(1,100)
	(28,000)	(214,800)
 Increase in Cash	 288,700	 203,700
 Cash, beginning of year	 231,300	 27,600
 Cash, end of year	 \$520,000	 \$231,300

See accountant's report and notes to the financial statements

Arlington EATS, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 1-Summary of Significant Accounting Policies

This summary of significant accounting policies consistently applied of Arlington EATS, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity.

Organization

Arlington EATS, Inc., (formerly Arlington Food Pantry, Inc.) a non-profit organization, is exempt from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code. It was incorporated on September 9, 2015 under the laws of the Commonwealth of Massachusetts and annually files Form 990 with the IRS and Form PC with the Commonwealth of Massachusetts. The Organization's mission is to eliminate food insecurity by providing nutritious food, meals, and snacks to any Arlington resident in need.

Basis of Presentation

The Organization classifies net assets, revenues, gains and losses based on the existence or absence of donor or grantor imposed restrictions. As of June 30, 2019 and 2018 all net assets are shown without restrictions, as no donor/grantor restrictions exist. The financial statements are prepared using the accrual basis of accounting.

Cash, cash equivalents and concentration of risk

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents unless held for investment. The Organization maintains some of its cash in bank deposit accounts, which at times may exceed federally insured limits; however, these deposits continue to be covered by The Massachusetts Depositors Insurance Fund. The Organization has not experienced any losses in such accounts, and management believes that it is not exposed to any significant credit risk on cash or cash equivalents.

Property and Equipment

The Organization records the acquisition of property and equipment at cost (if purchased) or fair market value (if contributed). Depreciation is computed based upon the estimated useful lives of the assets using the straight-line method. Expenses for maintenance and repairs are charged to operations as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Arlington EATS, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 1-Summary of Significant Accounting Policies (Cont'd.)

Advertising Costs

Advertising costs, if any, are charged to operations as incurred.

Contributions and Pledge Receivable

The Organization reports unconditional promises to give as contributions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Management considers receivables as of June 30, 2019 to be fully collectible.

Donated Goods & Services

The Organization reports the fair value of donated food and related items as unrestricted public support, and then, shortly thereafter, as expense when distributed to individuals participating in the Organization's food programs. During the years ended June 30, 2019 and 2018, the Organization distributed approximately 124,300 and 108,600 pounds of donated product, respectively. The approximate average wholesale value of one pound of donated product at the national level which was determined to be \$1.68 and \$1.73, during 2019 and 2018 respectively, was based on a study performed by Feeding America. The dollar values of \$208,800 and \$187,900, for years ending June 30, 2019 and 2018 are included in Food & meals-delivered/distributed in the accompanying financial statements.

In-kind inventory for the Organization's food programs is not recorded in the statement of financial position, because a method of consistently recording its value has been determined as arbitrary and immaterial to the financial statements. In addition, a number of individuals and other organizations have made in-kind donations or volunteered their services to the Organization. For those services that do not require special expertise, no estimated value appears in the financial statements.

Support from Major Contributor and Grantor

For the year ended June 30, 2019 the Organization received approximately 12% of total revenues and support from one contributor, The Greater Boston Food Bank. This contribution was in the form of donated food. The Organization also received approximately 29% of total revenues and support from one grantor, The Town of Arlington.

Note 2- Investments

Investments, all publicly traded, are composed of the following at June 30:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Mutual funds-equity funds	\$133,500	\$138,100	\$127,400	\$126,600
Mutual funds-bond funds	83,200	85,400	83,700	83,300
Money market fund	2,200	2,200	2,200	2,200
Total	<u>\$218,900</u>	<u>\$225,700</u>	<u>\$213,300</u>	<u>\$212,100</u>

Arlington EATS, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 2- Investments (cont'd)

Investment return for the years ended June 30, was as follows:

	<u>2019</u>	<u>2018</u>
Dividends and interest, net of fees	\$12,100	\$800
Realized/unrealized gain (loss)	5,100	(1,200)
Total	<u>\$17,200</u>	<u>(\$400)</u>

Note 3- Commitments

The Organization currently leases its facilities, including its distribution center (at will) and administrative offices (leased). Future minimum lease obligations are as follows:

Year ending June 30, 2020:	<u>\$12,100</u>
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Note 4- Revised Financial Statements for the year ended June 30, 2018

The prior period financial statements for the year ended June 30, 2018 have been revised to correct a misstatement in the amounts of In-kind contributions and Food & meals-delivered/distributed.

Note 5- Functional Allocation of Expenses

For the years ended June 30, 2019 and 2018 expenses reported by their functional classification are as follows:

	<u>2019</u>	<u>2018</u>
Program expenses	\$395,600	\$332,100
Management and general	75,600	34,200
Fund raising	45,000	30,800
Total	<u>\$516,200</u>	<u>\$397,100</u>

Note 6- Retirement Plan

In 2018 the Organization adopted a Simple IRA voluntary salary reduction retirement plan. All employees are eligible to participate. For the year ending June 30, 2019 the Organization made matching employer contributions in the amount of \$2,800.

Note 7- Subsequent Events

The Organization has evaluated subsequent events through February 12, 2020 which is the date the financial statements were available for issuance. The Organization is not aware of any material subsequent events.